

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2002-305-E - ORDER NO. 2002-727
OCTOBER 14, 2002

IN RE: Petition of Duke Power for Approval of the Transfer of Property Located in the Duke Power Service Area in North Carolina.))))	ORDER APPROVING SALE OF PROPERTY AND ACCOUNTING TREATMENT
--	------------------	--

*100-0
100-N*

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition of Duke Power, a Division of Duke Energy Corporation (Duke or the Company) for approval of the transfer of certain real estate located in the Duke service area in Franklin County, North Carolina, which the Company states is not required for future utility operations.

The Company and Phil and Sharon Drake entered into an Agreement of Purchase and Sale for the Property at a price of \$3.9 million. The appraisal of the current market value of the Property is \$3.7 million as indicated by an appraisal letter dated September 3, 2002 by a North Carolina-certified appraiser. The book value of the property is \$4,428,000.

The appraised property includes a 6.53 acre commercial site improved with a 33,497 square foot, two-story building. (A prior appraisal of the Property prepared in September 2001 indicated a market value of \$3,500,000 based on the conveyance of approximately 5.5 acres. The additional acreage being conveyed is based on changes to the Property since the date of the appraisal.)

The property to be sold is the former office for Nantahala Power and Light, which was completed in 1997. The Company purchased Nantahala Power and Light from Alcoa in 1988. In 2000, the Company began to integrate the functions within Nantahala Power and Light into the appropriate Duke Power organizations. In the summer of 2001, Duke determined that the corporate office in Franklin, North Carolina was no longer needed. On July 13, 2001, an article appeared in the *Franklin Press* announcing that the office building was for sale, a copy of which was attached to Duke's original Petition in this proceeding. The Company ordered an appraisal of the facility and talked with realtors and business leaders within the Franklin community. As a result of these conversations and the media attention, the Company received several inquiries about the property at issue. This property adjoins the Company's larger electric operations site which the Company will continue to operate in Franklin.

Phil and Sharon Drake own Drake Enterprises, a major tax software developer located in Franklin, and will utilize the property for office space.

The Company proposes to credit the original cost of the property being sold as a reduction of the amount carried upon the books of the Company under Account 101, Electric Plant in Service. The difference between the sale price and the original cost of the land will be applied to Account 421.10, Gain on Disposition of Property or Account 421.20, Loss on Disposition of Property. Pursuant to S.C. Code Ann. Section 58-27-1300 (Supp. 2001), the Company has served the Consumer Advocate with a copy of the Petition, and the Consumer Advocate has not objected to the property transfer.

We have examined the Petition for the proposed transfer of real estate in this case, and we find that it should be approved as filed. The proposed price for the sale of the property is close to the present appraised value of the land. No objections, protests, or interventions in the matter have been filed. Further, the proposed accounting treatment is appropriate as proposed, and is consistent with proper utility accounting principles. The property may be sold and accounted for under the conditions described in the Petition.

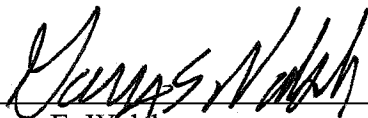
This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Mignon L. Clyburn
Chairman

ATTEST:



Gary E. Walsh
Executive Director

(SEAL)